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THEORY Z MANAGEMENT CAN IT BE USED EFFECTIVELY IN THE
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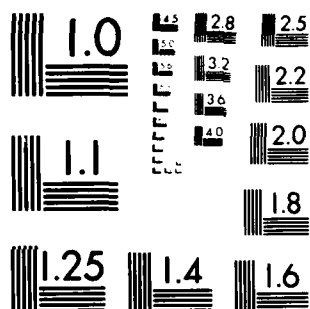
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USAWC MILITARY STUDIES PROGRAM

THEORY Z MANAGEMENT: CAN IT BE USED
EFFECTIVELY IN THE AIR FORCE?

INDIVIDUAL ESSAY

by

Lieutenant Colonel Michael D. McGinty
USAF

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11 April 1983



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CHAPTER I

INTRODUCTION

In the relatively short period of time since the end of World War II, the Japanese have transformed Japan from a "pile of rubble" to a highly successful, industrialized nation. Today, its economic power ranks third, after the United States and the Soviet Union. (11:41) During the last two decades, Japan has averaged an annual productivity growth rate in excess of seven percent, whereas the United States has averaged only 1.5 percent. (37:41) Today, productivity remains high in Japan, while the rate of growth in the United States has decreased to approximately the one percent level. (20:37) Many reasons are offered for Japan's record growth and high productivity. These include supportive government policy, low cost financing, friendly labor unions, etc. (11:41) While these factors are important, many experts (William Abernathy, Robert Hays, William Ouchi, Richard Pascale and Ezra Vogel) feel the key to Japan's success has been its management system, particularly how the Japanese manage their most plentiful resource--people--to accomplish organizational objectives. (11:41-42) As a result of this opinion, Japanese management has been receiving a lot of attention in the United States. Within the last five years, Japanese management has been widely studied, resulting in a plethora of articles and books on the subject. One of these books is entitled Theory Z and was written by William G. Ouchi, a professor in the Graduate School of Management at the University of California, Los Angeles. In his book Ouchi analyzes Japanese management, concentrating on the differences between East and West cultures. From this he develops an organizational

theory based on Japanese management principles that he feels are adaptable for use in the United States. Called Theory Z, Ouchi provides the following brief description:

Theory Z organizations capture the best in management methods from Japanese and US approaches. A Theory Z organization is egalitarian, engages fully the participation of employees in running the company, and emphasizes subtle concern in interpersonal relations. It is characterized by employee cooperation and commitment to the objectives of the company. (28:9)

Today, several large corporations in the United States can be found successfully using Theory Z type management. A partial list of these corporations include, Hewlett-Packard, the Buick Division of General Motors, Proctor and Gamble, Honeywell, Dayton-Hudson, IBM and Eli Lilly. (31:7, 125, 186; 7:22) They represent a wide variety of businesses, and all have generally prospered. In addition, public agencies like the Bureau of Motor Equipment in New York City's Department of Sanitation, and six departments of Texas state government are now using Theory Z principles. (13:66; 8:32)

Problem Statement

If the private and public organizations cited above have been successful using Theory Z, then it should also be useful in other organizations. Specifically, could the management effectiveness of the Air Force, particularly in the human resources area, be improved by applying Theory Z management principles? This question will be addressed using Theory Z as described by Ouchi and in the context of today's Air Force.

Framework of the Study

The purpose of this paper will be to identify those principles of Theory Z that the author feels could be used to improve human resource management within the Air Force, thereby improving the overall effectiveness of the organization. Specifically, the framework for accomplishing

this is: (1) to describe the major principles of Theory Z, (2) to review current criticisms of the theory, (3) to discuss possible applications of Theory Z principles in the Air Force, and (4) to offer some implementation suggestions for those applications.

Related Literature Reviewed

Ouchi's book, Theory Z, is the major source used in this paper. However, two other books were used to provide background information and a better understanding of Japanese management. They were The Art of Japanese Management by Richard T. Pascale and Anthony G. Athos, and The Japanese Company by Rodney Clark. In addition, 40+ articles/reports on the subject from periodicals and professional journals were examined. Finally, a videotape of a lecture by Alex Stone, the President and Chief Operating Officer of Quasar Company, was reviewed. Stone's lecture was entitled "Japanese Management In American Firms" and covered Japanese management theory and its use at Quasar.

CHAPTER II

DESCRIPTION OF THEORY Z

The purpose of this chapter is to develop an understanding of the major principles of Theory Z. To provide necessary background, Japanese management, especially the values upon which it is based, will be covered first. Then with that as a foundation, the major principles of Theory Z will be described in detail. Finally, the chapter will conclude by reviewing current criticisms of the theory.

The Foundation of Japanese Management

The Japanese people are very homogenous in terms of race, history, language, religion and culture. (31:55) This consistency is reflected in three basic values--intimacy, subtly and trust--which underlie Japanese management theory. First is intimacy. Because land has been extremely limited in Japan, the people have lived close together for centuries. In many cases, families have lived next to each other for several generations. Besides living close together, families have traditionally worked together to produce sufficient amounts of rice for food. From this close association, the ability to live and work together in harmony has become deeply rooted in Japanese culture. A key corollary to this is that the individual is not the central point of focus in Japan; rather, the group is of paramount importance. (31:54-55) This strong sense of collectivism carries over to the work environment where interdependence is important. It manifests itself by people cooperating, working well together and encouraging each other. Ouchi claims that in Japan it is teamwork, not individualism,

that achieves high productivity. (31:4-7) In fact, Fox says that in Japan, "individuality and independence are symptoms of immaturity and selfishness." (18:77)

As a result of this intimacy in the Japanese people, the value of subtlety follows in a complementary manner. Ouchi describes this as the ability of a supervisor to assemble a highly effective work group to accomplish a given task. This is possible because the supervisor thoroughly understands the personalities of the workers and knows who works well with whom. In Japan, his selection process is not bound by union contracts or bureaucratic rules. Instead, he is able to bring together cooperative people who are group oriented to task accomplishment. (31:6)

The third underlying value is trust. In Japan, this bond exists not only between employees, but also between employees and employer, and between companies and the government. Trust supports the notion that individual performance is not important and that everyone works for the good of the whole. (29:34) As a result an open and honest atmosphere exists in Japan. Trust also supports the Japanese concept of "turn." That is, Japanese workers know that at the proper time their efforts will be rewarded. This concept creates group leaders who concentrate on human relations and harmony, versus personal ambition and short term excellence. (38:73; 27:73)

With these three values as a foundation, modern Japanese management has evolved. Its principles are most observable in large Japanese firms. Without going into detail, Ouchi lists the major principles as, "lifetime employment, slow evaluation and promotion, non-specialized career paths, implicit control mechanisms, collective decision making, collective responsibility and wholistic concern [for employees and their families]." (31:48-49) Since intimacy, subtlety and trust do not exist in the same manner in the United States as in Japan, these principles of Japanese

management are not directly transferable to the United States. (20:38) This is a key point. Instead, they must be modified or adapted to the culture of the United States, and this is precisely what Ouchi attempts to do with Theory Z. As he says, we have to learn how to "manage and organize people at work" from the Japanese if we want to have the same kind of high productivity that they have. (31:4) The next section will describe Theory Z.

Major Principles of Theory Z

While Ouchi does not provide an exact listing of Theory Z principles, there are seven principles that seem to form the basis of his theory. In the following paragraphs, each of these will be described.

Long-Term Employment

In Japan, lifetime employment means a young person goes to work for a major firm after completing school and remains with that firm until retirement at age fifty-five. Approximately 35 percent of the workers in Japan fall into this category with the remainder being temporary employees (many of which are women) or employees of smaller, satellite companies. The temporary employees are hired/laid off based on economic highs and lows, thus protecting the jobs of the lifetime employees. (31:15-22) This concept results in a strong commitment between lifetime employees and their companies. It creates intense loyalty and job commitment. (1:17) While lifetime employment like this would be unacceptable in the United States, Theory Z stresses that companies should at least strive for long-term employment. Currently, many manufacturing and clerical occupations in the United States have an annual turnover rate of 50 percent; even at executive levels, 25 percent annual turnover is not uncommon. (31:49) In addition to the company loyalty and job commitment benefits of long-term employment,

training costs will also be less because of reduced turnover. (1:18)

Finally, long-term employment provides the employees with a stable social setting that Ouchi says allows them "to get their bearings and draw support to cope with and to build the other parts of their lives." (31:166) Thus, long-term employment is the foundation of Theory Z. (31:22)

Performance Evaluation and Promotion

Formal performance evaluation does not occur in Japan until after an employee has been with the firm for approximately ten years. Compared to the United States, promotion also occurs at a much slower rate. This has the positive effect of eliminating the desire of employees to seek short-term successes for their own advancement or to promote their careers at someone else's expense. (31:22) Instead, the employee operates in an environment where long range orientation is rewarded. (31:102) However, this slower, Japanese system would be unacceptable to most Americans. To achieve the desirable benefits of long range employee orientation, Theory Z suggests that formal performance evaluation can be delayed as long as superior performance is recognized in the interim. This recognition can take many alternative forms; from being selected to work with superiors on special projects to having higher level officials develop a mentor relationship with younger employees. (31:102-103) In terms of promotion, Theory Z recommends that employees be promoted in their first few years faster than their contemporaries in other companies in order to retain them, but slowly when compared to their peers. (31:102) In all cases promotions should come from within the company. Also, the slower performance evaluation and promotion concepts of Theory Z can be supported by group memberships. That is, employees will accept slower promotion if they are receiving positive recognition from their peer groups. This group recognition is as influential in the United States as it is in Japan. (31:24-25) The goal of

Theory Z is to achieve a long range orientation for employees. This is possible with frank, open performance evaluations that provide for employee growth and employee confidence that their superior performance will be recognized by promotion in the long run. (31:86, 103)

Control Systems

Theory Z suggests the use of a balanced implicit and explicit control system. This means Theory Z companies will still use modern management information systems and techniques, such as formal planning and management by objectives. Even though used, this quantitative data will not dominate the decision process. Instead this data will be supplemented by asking questions such as does it "fit" the company's objectives or is it a "suitable" approach. The answers to these questions can be found in the backbone of the implicit control system--the company philosophy. (31:61)

Ouchi says the company philosophy must cover three areas:

(1) the objectives of the organization, (2) the operating procedures of the organization, and (3) the constraints placed on the organization by its social and economic environment. It thus specifies not only ends, but also means. (31:113)

The philosophy provides direction to the company about what it should be doing and how it should relate to its employees, the owners and the general public. (31:63-65) It must not remain static, but needs to be continually refined and updated as conditions change. (31:125) To be effective, all employees must thoroughly understand it; thus training, especially for new employees, becomes very important. (31:63) Also to support this understanding, the philosophy should be published in a form that can be distributed to all employees. After it is developed, the philosophy must be applied to everyday decisions made in the working environment so that patterns of behavior and interaction based on it can develop. Once this is accomplished, the need for explicit orders or directions will be reduced.

The philosophy will enable two employees, who thoroughly understand it, to arrive at the same decision given a specific set of circumstances. Solutions to problems will mesh better, and coordination will be improved.

(31:35) However, a company philosophy cannot succeed by itself. Its values must be practiced, and it needs the support of other Theory Z principles, such as long-term employment and broad career paths. (31:65)

Career Development

Career development in the United States is generally based on specialization in one functional area or field. Employees concentrate on these specialties and therefore develop very skill centered careers. In contrast, employees in Japan rotate between several or all of the functional areas of the company. They tend to become generalists who are experts in the structure, internal workings and overall operation of the company.

(31:29, 132; 9:74) Theory Z recommends a shift towards the generalist approach. As a result, employees will develop company specific skills that will improve coordination and understanding at all levels. (31:51, 61)

Ultimately within a division or specific group of employees, it would be desirable to have someone who knows the people, the problems and the procedures of each of the other areas of the company. (31:27) This wholistic person approach to career development should have the added benefit of increasing the employees' loyalty to the company. This approach will require additional training investments as employees move between areas or specialties, but the long-term employment aspect of Theory Z should make this expense worthwhile. (31:29-31) Finally, the generalist approach of Theory Z may increase employee satisfaction. Recent research, as Ouchi notes,

strongly suggests that workers at all levels who continually face new jobs will be more vital, more productive and more satisfied with their work than those who stay in one job, even though

the change in jobs does not include a promotion but is entirely lateral. (1:20-21)

Decision Making Process

In many respects, American and Japanese approaches to decision making are exactly opposite. The traditional American approach is a highly centralized, "top down" process. Decisions are usually made quickly, but require a lot of post-decision effort to insure compliance. The Japanese system is a highly decentralized, more informal, participative system. It is a "bottom up" process that is quite slow because of the extensive coordination required to achieve consensus by all affected people before finalization. However, once the decision is made, implementation is generally fast and smooth. (35:67) Theory Z advocates the consensus, participative approach using the company philosophy as a basic guideline. (31:66) This approach provides more creative decisions that can be implemented easier. It shows trust and confidence in the employees and signals a cooperative intent on the part of the company. (31:66) The participative approach asks for more employee involvement but offers them increased job satisfaction in return. (31:162) Finally, like several of the other principles of Theory Z, this decision process requires employee training to be effective and useful. That is, employees need to develop the interpersonal skills used in the participative approach if it is to be worthwhile.

Individual Responsibility As A Core Value

In Japanese management, the group versus an individual assumes full responsibility for its decisions. This is the result of the importance that a group has in the Japanese culture. (31:39-40) However, this characteristic is very frustrating for Americans who like to know who is the one individual in charge. Therefore, while the participative approach to decision making is recommended, Theory Z suggests that an individual retain

responsibility for the decisions reached by the group. If necessary, this can be accomplished by dividing the group's decisions into several parts with an individual assigned responsibility for each part. (31:66) This approach can be a source of conflict within a Theory Z organization; however, this conflict can be overcome by creating an atmosphere of trust. That is, the employees must know that their goals are compatible and that no one individual is engaged in self-serving behavior. (31:67) Closely associated with this principle of individual responsibility is the Theory Z concept of egalitarianism. This concept, as Ouchi says,

implies that each person can apply discretion and can work autonomously without close supervision, because they are to be trusted. Again, trust underscores the belief that goals correspond, that neither person is out to harm the other. (31:68)

Of all the Theory Z principles, this one--emphasizing individualism--probably deviates furthest from Japanese management theory to accommodate a very strong American trait.

Wholistic Orientation

In a large Japanese company, the employees' work and social lives are integrated. Besides working together on several committees, employees frequently socialize together after work for cocktails or by participating on a company sports team. Young employees may even live in company dormitories, and most large companies have extensive recreational facilities available for their employees' use. The Japanese feel this integration strengthens the relationships between the employees and develops mutual trust. They believe that the employees' values and beliefs become more compatible. (31:46) Further, they feel that superiors and subordinates need an opportunity to relate to each other as individuals--more as equals--and this can be accomplished best in the social setting outside the office.

(31:68) American workers shy away from this kind of integration, preferring a separation of their work and social lives. (31:44) As a compromise, Theory Z offers the notion that showing broad concern for employees and co-workers is a natural part of the working relationship. It emphasizes that people should interact with each other as individuals. Working relationships should be somewhat informal. The objective is to personalize the work environment and to a degree, break down the authoritative structure typified by the saying "your duty versus my duty." Ultimately, the goal is to develop open communication, trust and commitment between employees.

(31:66-67) It is important to note that wholistic relationships cannot be directed; rather, they evolve as a result of implementing other Theory Z principles. (31:109) Ouchi has studied several companies operating under Theory Z management. He has found that the employees have developed broader relationships with each other, they have engaged in more outside activities together and that they have reported more satisfying family/marital relationships. In general, a healthier emotional state. (31:182-183)

Criticisms of Theory Z

So far in this chapter, the foundation of Japanese management was briefly discussed, and the major principles of Theory Z were described. As with most management theories, Theory Z has its advocates and critics. Therefore, to complete the description of Theory Z and to present a balanced view, criticisms of the theory by four experts will be presented, so that in the next chapter the usefulness of Theory Z in the Air Force can be considered objectively.

The first critical view is that of B. Bruce-Briggs, a management consultant and longtime student of Japan. He also has been a policy analyst at the Hudson Institute. Bruce-Briggs attributes the Japanese success to

the work ethic of the labor force, not the Japanese art of management. He says that values such as obligation, duty, patience and endurance are dominant in the Japanese culture. These values have created a labor force that is disciplined, does what it is told and works hard. For these reasons, he feels that the Japanese are able to produce what the customers want at a very competitive cost. He maintains that when the labor force in the United States was motivated like this, it too was very productive. Bruce-Briggs concludes that adopting a Japanese style management, like Theory Z, will not alter the basic values of the American worker; and therefore, it will not achieve Japanese type success. In his opinion, Theory Z represents nothing new for American management. Instead, it is a rehash of the emphasis on the quality of worklife that was popular in the early 1970's. Finally, the implementation of Theory Z principles would, he feels, work against the competitive advantages that American companies still enjoy, such as the ability to innovate/invent and to operate at a faster pace. (5:41-46)

The second critic is James W. Begun, an assistant professor at the Graduate School of Business and Public Administration at Cornell University. Like Bruce-Briggs, Begun attributes Japan's success to several factors, of which management is only one. These other factors range from a low defense burden to a cooperative relationship between government and business; from supportive labor unions to the centralization of banking and finance. He also feels that the principles of Theory Z are not new or unique to just Japan. He maintains they are similar to the techniques suggested twenty years ago by the human resources school. In his opinion, Theory Z creates a work atmosphere that is resistant to change, crushes individual expression through conformity and lacks the ability to make quick decisions. In sum, Begun concludes,

Theory Z gives us something easy to hang on, to try, and to do. It gives managers an illusion of control. It fails to recognize the vulnerability of organizations to external forces.
(19:10)

A third criticism is provided by Robert Neff in an article published in International Management. Neff feels that Theory Z is based on Japanese management principles developed out of necessity after World War II to attract and retain employees from the limited labor pool available. As Japan has become fully industrialized like the United States, he sees many changes taking place that challenge the validity of these principles. Several examples are cited. In the area of lifetime employment, Japan now has a growing class of workers over age fifty which is creating a utilization and productivity problem. That is, there are too many senior workers for the limited number of meaningful jobs available. Another example concerns company loyalty. Immediately after World War II, Japanese workers gave their companies top priority; whereas today, younger workers regularly consider their family life as most important. From this, Neff concludes that the time for usefulness of Theory Z in the United States may have already past. (25:19-20)

The final critical examination of Theory Z is provided by Edgar H. Schein, who is the Chairman of the Organizational Studies Group at the Sloan School of Management at the Massachusetts Institute of Technology. Schein also feels that Japan's success is due to more than their management system. He cites several other factors that he considers equally important in their success, such as the postwar reconstruction, the modernized industrial base, the close cooperation between government and industry, the cultural traditions of obedience and discipline, etc. Schein believes that Theory Z companies have trouble identifying changes that need to be made and then implementing them. They also tend to develop more rigid solutions

to problems because of their strong commitment to the company philosophy and the pressure exerted on the employees to conform. Additionally, Schein suggests that Theory Z is not really new or different. As evidence he cites the indoctrination processes used in the United States in the late 1950's to develop company loyalty and conformity. He specifically mentions the IBM and General Electric centers that were built expressly for that purpose. As additional evidence, he discusses several examples of American concern for the wholistic treatment of employees. The first of these is the famous study of Western Electric's Hawthorne Plant. This study showed that employees tended to bring personal problems with them to work. The company responded to these employee problems by developing an extensive counseling program. He says the human relations training programs of the 1940's were designed to teach managers how to treat employees as whole people. The leadership and sensitivity training programs of the 1960's had a similar purpose. He also feels that McGregor's Theory Y shows the importance of having faith and trust in employees. Schein concludes that Theory Z is a new name for practices that have existed in the United States for many years. (36:55-56)

CHAPTER III

APPLYING THEORY Z IN THE AIR FORCE

In the last chapter, Theory Z was discussed in detail, including some critical viewpoints. The purpose of this chapter is to see if the application of Theory Z principles in today's Air Force could benefit the overall organization. As noted by the critics in the last chapter, Theory Z principles are not totally new, as some similar principles already exist in various American management theories. As a result, it is not surprising that Ouchi refers to the fact that the United States military currently displays certain characteristics of a Theory Z organization. (31:46, 57, 180) However, it is the author's opinion that the Air Force could benefit by applying the Theory Z principles even further. This is based on knowledge of Theory Z and Japanese management, combined with over eighteen years of service in the Air Force. The opinions presented in this chapter should not be considered as final proposals; rather, they should be viewed as notional, indicating a direction the Air Force could consider going. Obviously, proposals of this nature are very complex and would require detailed study and coordination before implementation decisions can be made.

Length of Service

As recommended by Theory Z, the Air Force already recruits most of its personnel from young people completing high school or college. They are extensively trained in service related specialties and offered fixed periods of employment, e.g., a four year enlistment, a twenty year career for early retirement, a thirty year maximum period of service, etc. To further

implement the long-term employment concept, the Air Force should consider extending the maximum period of service to forty years or age sixty, whichever occurs first. In addition, the Air Force should discourage the twenty year retirement option. This could be done by altering the amount of retired pay available at that point, thus reducing the attractiveness of the option. The thirty year career appears to have been based on the requirement for younger people in combat duty and the American life expectancy that existed at the time it was established. However, the Air Force has a minimum number of people who would be directly involved in combat--mainly just a portion of the aircrew members and certainly not more than 10 percent of the force. In addition, life expectancy in the United States has increased substantially in the last three decades. As Theory Z suggests, this longer-term employment would further strengthen loyalty and job commitment because people would not be considering a second or follow-on career. The increased period of service would reduce the number of new assessments required each year, thereby reducing turnover in the total force. Other benefits include a reduction in training costs for new personnel and in the growing expense of retired pay. Finally, productivity should theoretically increase because experienced people would be available to perform their jobs for a longer period of time.

Adjusted Performance Evaluation and Promotion Systems

Contrary to Theory Z, Air Force personnel are formally evaluated on the average of once a year. Newly assessed personnel are evaluated even more often. As a result, many Air Force personnel develop a very short-term perspective, based on completing specific projects that can be referenced in these annual performance evaluations. Applying Theory Z, the Air Force should consider slowing down the evaluation process--possibly to one

formal performance report every two years. Between these reports, supervisors and subordinates should meet in periodic counseling sessions. These sessions should be open, frank discussions and focus on ways to improve performance and increase individual growth. Also, this slower performance evaluation program could be complemented by the establishment of mentor relationships between senior and junior personnel, again designed to foster individual growth. The key to this adjusted evaluation program's success is to insure that all personnel receive regular performance feedback between formal evaluations.

In the area of promotions, the Air Force uses a hierarchical, up-or-out system. This needs to be maintained to achieve the proper grade distribution of personnel. However, the forty year career proposal would support extending the promotion phase points. For example, instead of the current promotion to lieutenant colonel at the sixteen year point, perhaps it should be delayed until twenty-two years. To make this change workable, the Air Force would probably have to alter the pay scales, so that personnel under this revised system would receive approximately the same compensation that they do today with the earlier promotions. Also, personnel that are not selected for promotion could be continued for certain contractual periods of time based on the needs of the service. These people, plus those who voluntarily leave the service early, would be very similar to the temporary employees in Japan and would help maintain the hierarchical grade structure. In summary, the proposals to change the evaluation and promotion systems are designed to encourage the development of long-term versus short-term perspectives within Air Force people and to support the forty year career plan.

Development of an Air Force Philosophy

In the area of control measures, the Air Force is very progressive and effective in its use of modern management information systems and quantitative/analytical techniques. However, when you look for an Air Force philosophy as suggested by Theory Z to serve as the foundation upon which to base decisions, there is perhaps room for improvement. The Air Force has published a manual on its functions and basic doctrine that appears to meet this need. As General Lew Allen, Jr., then the Chief of Staff of the Air Force, says in the foreward:

Whether you are enlisted, an officer, or a civilian in the Air Force family, I believe this manual will help you to think seriously about why we are in business--why we have an Air Force, and what it must be ready to do in the next 30 years and beyond.
(41:i)

This manual does an excellent job of describing roles, missions and the employment of airpower. But it does not address basic values, norms or operating objectives for Air Force personnel. A second publication, entitled Air Force Standards, also appears to meet this need, but it too falls somewhat short. (42:1-39) The Air Force may be aware of this deficiency as a recent Air Force Times article indicates that a revised edition of Air Force Standards will soon be distributed to all personnel. This updated edition will cover subjects ranging from professional relationships to personal appearance. It will emphasize Air Force values, customs and courtesies. (16:1) Hopefully, this publication will provide the type of basic philosophy recommended by Theory Z as the backbone of the implicit control system. Assuming that it will be, the Air Force will then need to stress this philosophy through training programs, especially for new people, and insure that daily decisions and actions are made in concert with it.

Career Development Changes

In the area of career development, implementing Theory Z suggests two changes. The first involves tour lengths. Currently, the average tour length in the Air Force is approximately three years, mainly driven by the requirement to station people overseas for fixed periods of time. With only a three year tour, personnel tend to focus on short-term goals and plans. Generally, little concern exists within an organization for what will be happening from five to ten years in the future, because people currently assigned will not be there. If possible, the Air Force should try to extend this average tour length by a year or two. It would be even better if a system could be developed to rotate personnel overseas in units, rather than as individual replacements. This type of rotation would provide at least six to eight years of unit stability for a majority of the people and thus foster the development of longer-term objectives.

The second change concerns the specialist versus generalist issue. The Air Force certainly has lots of specialists, from electronics technicians to pilots. These people have had long and expensive training, and therefore, career broadening for many of them would be impractical. However in the case of mid-career officers and senior enlisted personnel, broadening should definitely be considered. Some of this is currently being done in the Air Force, but more rotation between specialties should be encouraged. Perhaps it would be impossible to rotate people through several specialties as suggested by Theory Z, but it should be possible to develop a second or third area of expertise by assigning these personnel outside their primary career fields for one or two tours. This change should develop senior managers who have a broader, more corporate outlook. It will be useful in support of the forty year career proposal. Also, if

Ouchi is correct, this type of broadening program should increase job satisfaction and productivity. (1:21)

Participative Decision Making

Decision making in the Air Force must be situational. There are times--especially in flying operations or combat situations--when it needs to be highly centralized and top down. However, most of the decisions made on a daily basis in the Air Force are not in these categories and could be made using the participative approach recommended by Theory Z. This is not a new technique to the Air Force as it is already practiced by many supervisors. In fact, the formalized staff coordination process used in the Air Force is a form of participative decision making. That is, all staff officers whose area of responsibility is impacted by a proposal must coordinate on it, or prepare a nonconcurrence, before the final implementation decision is made. However, the use of participative decision making could and should be expanded as much as possible. This would provide an opportunity for each individual to make the maximum contribution to his job and should, as Theory Z suggests, improve group cohesiveness.

Individual Responsibility

The Theory Z approach--participative decision making with individual responsibility--should work well in the Air Force. As noted in Chapter II, this arrangement can create problems unless it is practiced in an atmosphere of trust. Similarly, the egalitarian concept of Theory Z requires a trusting environment. Perhaps the Air Force could do a better job of creating this atmosphere. It has a bad habit of monitoring relatively minor things from too high a level and frequently "checks on the checkers." This is not an easy area to change. However, it can be improved by stressing individual trust in the Air Force philosophy and by practicing the decentralized,

participative approach to decision making. From these efforts, a more trusting atmosphere that is supportive of Theory Z should evolve.

Wholistic Concern For Air Force People

The Air Force is basically structured to excel in this area. A base is really a small, self-contained city, complete with families living in government built housing. Younger enlisted personnel live in dormitories, and a full range of services are provided for all personnel. Examples range from religious activities to health care; from sporting events to educational programs. Most of these activities involve the direct participation of co-workers. In addition, the Air Force has many programs to build esprit de corps, such as distinctive uniforms, songs, bands, television advertisements, etc. Compared to the Theory Z suggestions, the Air Force is doing well in this area and should continue its efforts. One area that is receiving emphasis, but that still needs attention, is the military family program. Air Force personnel form many different types of families, including traditional husband and wife relationships, single parent families, both adult family members in the service, etc. While each of these are unique types, they share common stresses and problems (frequent household moves, long hours, family separations, and more) caused by the military life style. It is in this area that the Air Force could show more wholistic concern by placing additional emphasis on helping its people solve these kinds of problems.

Implementing Theory Z in the Air Force

Ouchi devotes an entire chapter in his book to implementing Theory Z in an organization. He lists thirteen specific steps to accomplish the transition. (31:83-110) While his steps are good, they are probably not all required in the Air Force, since as an organization it is already

applying many of the Theory Z principles to some degree. However, some general comments on implementing Theory Z are offered. First and most important, the senior leadership of the Air Force, and in some cases the Department of Defense, must be convinced of the value of any Theory Z proposals that they decide to implement. They must feel that Theory Z management will make the Air Force a better overall organization and be willing to provide top management support during the transition period. In fact, according to Ouchi, implementation needs to start with the senior leadership and expand from there. (31:106) Secondly, training and education will be very important. Air Force personnel will need to know why the changes are being made, why they are good for the organization and why they are good for the individual. The "Air Force philosophy" will need to be thoroughly explained, and training will be required to sharpen interpersonal and group skills. Next, open communication--vertically and horizontally within the organization--will be necessary. Implementation will be much smoother if participation is used to help develop the exact proposals and decide how best to implement them. Finally, the transition to Theory Z can take a long time, so patience will be required. Ouchi says it can take two years just to get the senior leadership transitioned and up to fifteen years to convert a large organization like the Air Force. (31:110)

CHAPTER IV

CONCLUSIONS

This study has investigated Theory Z management. To accomplish this, it has examined Japanese management from which the majority of the theory is derived, the major principles of Theory Z and several critical reviews of the theory. With this background, the report then considered whether or not the major principles of Theory Z could be used to improve the overall management of the Air Force, particularly in the human resources area.

The Japanese have been very successful in the last thirty years. Their productivity and growth rates attest to this. Many reasons are cited for this success, including the Japanese management style. Theory Z, considering the cultural differences, attempts to adapt Japanese management for use in the United States. Several American companies are now using Theory Z, and all seem to have prospered. On balance, critics of the theory indicate that its principles are not completely new to American management theory; in fact, variations of the principles have been practiced in the United States for many years. After examining the theory, this appears to be true for the Air Force, where several Theory Z characteristics already exist. However, it appears further use of Theory Z would improve Air Force management even more.

To investigate how Theory Z principles could be further applied in the Air Force, notional proposals were developed to show how each principle could be applied and what benefits would result. It must be emphasized that these proposals are only notional and indicate a direction the Air Force could go. In reality, they suggest major changes and would require

thorough study and review before implementation decisions could be made. In many cases, law changes would be required. Therefore, implementing Theory Z would require a coordinated effort between the Air Force, the Department of Defense and Congress.

If the leadership of the Air Force would decide to further use Theory Z, this paper has discussed some general implementation considerations. These range from obtaining top management support to developing educational programs on the theory; from encouraging open communications to having patience, since the transition is a slow process. But most important, the Air Force people will need to be actively involved if the transition is to be smooth and the principles of Theory Z successfully used to improve the management of the Air Force.

Recommendations

Organizations should continually review and refine their management techniques. The status quo should not be accepted. In this regard, Theory Z appears to offer management improvements to the Air Force. Therefore, the leadership of the Air Force should review Theory Z, direct studies on its possible utilization and finally, implement those principles that offer management improvements.

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